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PALESTINE REFUGEE PROBLEM

Financing Repatriation and Resettlement of Palestine Refugees

Approximately 700,000 refugees from the Palestine hostilities, now located principally in Arab Palestine, Transjordan, Lebanon and Syria, will require repatriation to Israel or resettlement in the Arab states.

1. Total costs of repatriation and resettlement of refugees are estimated at a minimum of $267,500,000, to be expended over a three year period. This includes $30,000,000 for repatriation to Israel, $160 million for resettlement in Arab states, $27,500,000 for direct and work relief, and $50,000,000 for subsidiary development projects necessary to achieve balanced development of the economies of the Arab states.

2. If Israel will agree to and cooperate in the repatriation of 200,000 refugees, it is estimated (see Table I) that they can be returned to farms and villages in which dwellings have been rebuilt or restored and that they can be supplied with farm animals, tools and utensils which have been lost or destroyed, with seed for the first planting and food enough to last until the first harvest, at an average cost of $150 per person. Approximately half of the estimated $30,000,000 cost of repatriation represents capital items which would restore the net worth of the Arab properties. The other half represents for the most part wages to be paid to the refugees for work leading to their resettlement, which would go to supply food, clothing and other basic necessities to the dependents of the workers until they become self-sustaining.

3. The 500,000 remaining refugees must be resettled in Arab states. In view of the fact that Transjordan, Arab Palestine and the Lebanon do not provide an economic basis for settlement of all the refugees now within their borders, additional land must be sought elsewhere. Among the Arab states which can be considered for large scale absorption of additional refugees only Syria offers land which can be prepared for resettlement on a self-sustaining basis over the next 2-3 years. Iraq cannot be counted upon for any substantial resettlement because of political difficulties and because development will take 5 - 10 years.

For projects similar to the Jezirah Valley and the Chab Swamp in Syria and for development of the Jordan Valley in Transjordan, it is estimated (see Table II) that 500,000 persons can be settled on land newly acquired and irrigated at a cost of about $320 per capita. On that basis $160,000,000 would provide for about 85,000 families of six persons. Each family would be settled on 8 acres of land, given the facilities to build houses of the type to which they are accustomed, supplied with farm animals, seeds, simple tools and household utensils, and paid enough in wages to provide food, clothing and other necessities until the first harvest. Resettlement cost for non-agricultural refugees, who will in many cases require working capital as well as homes and other

facilities, is assumed to be the same. Included in the cost are such items as schools, roads, water supply, sanitation, and other minimum community facilities. There is also an allowance for limited expansion of government administration and services in the new areas. About 40% of this cost or $64,000,000 involves capital items which will increase net worth.

4. Although every effort should be made to provide for the sustenance of the refugees through work payments, on resettlement projects, relief feeding will continue to be necessary for as many as a quarter of the refugees for the first year. In addition, although there is an ample wage component in the estimated resettlement cost to employ all able-bodied refugees, many jobs must go to local citizens and it is estimated that as many as a quarter of the employable refugees cannot work directly on resettlement projects in the first year. Even though such refugees are put to useful work it must be budgeted for separately. It is estimated that the proportion remaining on direct and work relief should be halved in the second year, and halved again in the third year. On the basis of the cost experience of the UNRPR program of approximately $30.0 per person annually for direct relief, and an estimated cost of twice this amount for persons supported through work relief, the refugees on relief and work relief would require $15,750,000 for the first year, $7,875,000 the second year and $3,937,500 the third year, or a total of approximately $27,500,000.

5. Capital outlays in addition to those required for refugee resettlement must be made if balanced development programs in the countries concerned are to be assured, and some consideration given to their own development requirements apart from those associated with refugees. For additional expenditures of the magnitude of $50,000,000, allotted to the various countries in accordance with a regional plan, it should be possible to increase chances for success of the program and to accomplish considerable agricultural and other development for the benefit of the present population of the area. This is the most flexible portion of the program and may be reduced if funds are not available.

6. A relatively small amount of financial assistance is counted on through International Bank and Eximbank loans. At the present time both institutions are cautious of lending to the governments of the Near East area. Where governments have specific revenues, such as oil royalties which can be assigned directly for debt service, the banks are inclined to regard loan applications more favorably; however, none of the countries concerned have oil production. Unfortunately, Syria which is the most immediate prospect for large-scale resettlement, has in prospect only transit fees from the Trans-Arabian Pipeline which may amount to less than $500,000 annually. Syria's poor general financial condition, together with a drastic adverse trade balance, are other factors which make lending by either bank relatively difficult. Transjordan is not a member of the International Bank.

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TABLE I

Repatriation of 200,000 refugees in Israel ($150 per capita)
(in millions of dollars)

Item	Total Cost	Capital Items
Irrigation	$5.0	$1.7
Dwellings	5.0	.2
Farm Tools and Utensils	3.3	3.3
Farm Animals	8.1	8.0
Assoc. Facilities, incl transportation	8.6	1.8
TOTAL	$30.0	$15.0

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TABLE II

Resettlement of 500,000 refugees in Arab states
($320 per capita)
(in millions of dollars)

Item	Total Cost	Capital Items
Land	$14.2	$14.2
Irrigation	28.4	9.5
Dwellings	42.5	2.1
Farm Tools & Utensils	9.2	9.2
Farm Animals	23.1	23.1
Assoc. Facilities, such as schools	17.0	5.1
Transportation costs, expansion of government facilities, etc.	25.6	4.2
TOTAL	$160.0	$67.4

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